



**REPORT TO THE BOARD OF DIRECTORS
RESULTS OF JUNE 30, 2011 AUDIT**



September 27, 2011

To the Board of Directors
Tennessee Repertory Theatre

We are pleased to present this report related to our audit of the financial statements of the Tennessee Repertory Theatre (the "Agency") for the year ended June 30, 2011. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Agency.

Sincerely,

Rebecca J. Harrell, CPA
Member



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REQUIRED COMMUNICATIONS

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Auditor's Responsibility Under Professional Standards

- Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated July 18, 2011.

Accounting Practices

Adoption of, or Change in, Accounting Policies

- Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. The Agency did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

- We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Alternative Treatments Discussed with Management

- We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.

Management's Judgments and Accounting Estimates

- Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates".

Financial Statement Disclosures

- Please refer to the financial statements for required disclosures. As the disclosures were consistent with those in the prior year and contain no sensitive, contingent, or subsequent issues, we do not deem it necessary to schedule a meeting to discuss them in detail. However, should you have any questions, please contact us.

Audit Adjustments

- Audit adjustments recorded by the Agency are shown on the attached "Summary of Recorded Audit Adjustments."



REQUIRED COMMUNICATIONS (CONTINUED)

**Uncorrected
Misstatements**

- There were no uncorrected misstatements noted during the audit.

**Disagreement with
Management**

- We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements

**Consultations with Other
Accountants**

- We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues
Discussed with
Management**

- No significant issues arising from the audit were discussed or were the subject of correspondence with management.

**Difficulties Encountered
in Performing the Audit**

- We did not encounter any difficulties in dealing with management during the audit.

**Certain Written
Communications Between
Management and Our
Firm**

- Copies of certain written communications between our firm and the management of the Agency are attached as Exhibit A.



**Summary of Accounting Estimates
Year Ended June 30, 2011**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Agency's June 30, 2011 financial statements:

<u>Area</u>	<u>Accounting Policy</u>	<u>Estimation Process</u>
Allowance for doubtful accounts	Provision of an allowance for uncollectibility of contributions receivable based on probable loss due to donor specific impairments or historical experience.	Individual analysis using aging tools and discrete knowledge and evaluation of the need for an estimate of loss based on historical experience and counsel of attorneys.
Depreciation, lives and potential impairment of long-lived assets	Long-lived assets are capitalized and depreciated or amortized over their estimated useful lives. Such assets are evaluated periodically based on changes in economic and performance-based facts and circumstances for impairment. If applicable, the assets are adjusted to their underlying fair values.	Estimated useful lives are evaluated comparatively with past experience.
Allocation of functional expenses	Significant functional expenses are allocated based on management's estimate of the percentage of expenditures incurred for each function or category.	Expenses are allocated to each function based on management's best estimates of utilization, including factors such as time, space, and other criteria. If applicable, the expenses are charged directly to the functional expense category to which they apply.



Tennessee Repertory Theatre
Summary of Recorded Audit Adjustments
Year Ended June 30, 2011

<u>Description</u>	<u>Increase (Decrease)</u>	<u>Effect - (Increase) Decrease</u>			<u>Increase (Decrease)</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>	<u>Revenue</u>	<u>Expense</u>
<i>Audit proposed entries</i>					
To adjust prepaid expenses and accounts payables for an invoice relating to and paid in the subsequent fiscal year	\$ (5,000)	\$ 5,000	\$ -	\$ -	\$ -
Total effect	<u>\$ (5,000)</u>	<u>\$ 5,000</u>		<u>\$ -</u>	<u>\$ -</u>
Current year impact			-		
Impact on net assets at year end			<u>\$ -</u>		



Exhibit A - Certain Written Communications Between Management and Our Firm

July 18, 2011

Board of Directors of the
Tennessee Repertory Theatre
161 Rains Avenue
Nashville, TN 37203



Dear Ladies and Gentlemen:

This letter is to explain our understanding of the arrangements for the services we are to perform for Tennessee Repertory Theatre (the "Agency") for the year ending June 30, 2011. We ask that you confirm this understanding.

AUDIT SERVICES

We will perform an audit of Tennessee Repertory Theatre's financial statements as of and for the year ended June 30, 2011. We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the board of directors are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

An audit of financial statements also includes obtaining an understanding of the agency and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and the board of directors any significant deficiencies or material weaknesses that become known to us during the course of the audit.

We will also communicate to the board of directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (b) any illegal acts that come to our attention (unless they are clearly inconsequential), (c) any disagreements with management and other serious difficulties encountered in performing the audit(s), and (d) various matters related to the agency's accounting policies and financial statements.

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TENNESSEE REPERTORY THEATRE'S RESPONSIBILITIES

Management is responsible for the financial statements, including the selection and application of accounting policies, adjusting the financial statements to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters, including that you are responsible for designing and implementing programs and controls to prevent and detect fraud.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for identifying and ensuring that the agency complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the agency involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the agency received in communications from employees, former employees, analysts, regulators, or others.

The board of directors is responsible for informing us of its views about the risks of fraud within the agency, and its knowledge of any fraud or suspected fraud affecting the agency.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, proposing adjustments to the trial balance, drafting the financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

Tennessee Repertory Theatre agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Tennessee Repertory Theatre agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering. We may conclude that we are not otherwise associated with the proposed offering and that our association with the proposed offering is not necessary, providing Tennessee Repertory Theatre agrees to clearly indicate that we are not associated with the contents of the official statement. Tennessee Repertory Theatre agrees that the following disclosure will be prominently displayed in the official statement:

KraftCPAs PLLC, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KraftCPAs PLLC, also has not performed any procedures relating to this official statement.

Our association with an official statement is a matter for which separate arrangements will be necessary. Tennessee Repertory Theatre agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when Tennessee Repertory Theatre seeks such consent, we will be under no obligation to grant such consent or approval.

Because KraftCPAs PLLC will rely on Tennessee Repertory Theatre and its management and board of directors to discharge the forgoing responsibilities, Tennessee Repertory Theatre holds harmless and releases KraftCPAs PLLC, its members, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of Tennessee Repertory Theatre's management which has caused, in any respect, KraftCPAs PLLC breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

TENNESSEE REPERTORY THEATRE'S RECORDS AND ASSISTANCE

If circumstances arise relating to the condition of the Agency's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Agency's books and records. The Agency will determine that all such data, if necessary, will be so reflected. Accordingly, the Agency will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Agency personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Kay Adams, Business Administrator. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

TAX PREPARATION SERVICES

We will prepare the Agency's Federal Form 990, Return of Organization Exempt from Income Tax and Form 990-T, Exempt Organization Business Income Tax Return, Tennessee Franchise and Excise Return and provide miscellaneous tax consultation services from information you furnish us.

We will advise you if we believe, based on the information that you provide us, that a tax return should be filed in any other jurisdiction, but we will not prepare any such tax return without your approval. It is important that you inform us of any new or expanded activities that could trigger filing requirements in additional state(s), such as the acquisition of property or the hiring of employees in a new state.

We will prepare these returns based on information you furnish to us. It is important this information indicate the amount of income earned in each state.

Because of their special purpose, nature and format, income tax returns do not constitute financial statements prepared in accordance with accounting principles generally accepted in the United States of America. The tax returns will be used only for income tax purposes and will not be used as a substitute for financial statements. Tax return preparation services do not constitute accounting or auditing services, and are not designed to disclose defalcations or other irregularities, should any exist.

STANDARDS FOR TAX RETURN PREPARERS

The Internal Revenue Code includes standards for tax return preparers that sign Federal tax returns. Under these standards, it may be necessary in some cases to attach an additional disclosure to the tax return for a practitioner to prepare and sign a return. The disclosure may in some cases reduce the taxpayer's risk of substantial understatement penalties.

These standards may require documentation of a higher level of assurance on tax return positions or preparation of disclosure forms to be incorporated into the returns. If we identify any positions on your returns that are affected by this new standard, we will contact you to discuss the need for disclosure and any opportunity to avoid disclosure through additional research. Any need for return disclosure or additional research could increase the cost of preparing your returns.

TAXPAYER'S RESPONSIBILITIES

Professional rules concerning auditor independence require that we confirm your overall responsibility for evaluating our preparation and your filing of these tax returns. You have indicated that Kay Adams, Business Administrator, will be responsible for overseeing the preparation and filing of these tax returns, for evaluating the adequacy and accepting the results of these returns, and for making all management decisions with respect to these returns.

FOREIGN ACCOUNT REPORTING

U.S. citizens and residents (including individuals, corporations, partnerships, trusts and estates) who have a financial interest in or signature or other authority over any "financial accounts" in a foreign country are required to make a separate filing if the aggregate value of these accounts exceeded \$10,000 at any time during the calendar year. Filing requirements also apply to those with direct or indirect control over a

foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign financial accounts of its own. Foreign "financial accounts" include a wide variety of items, such as:

- Bank Accounts
- Securities
- Mutual Funds
- Credit Cards
- Retirement Plans
- Life Insurance

These filings must be made by June 30 of the following year, and the time for filing is not extended by a tax return extension. There are severe civil and criminal penalties for non-compliance of these filing requirements. Even an inadvertent failure or incomplete filing can result in a \$10,000 civil penalty, and the IRS has announced that it intends to enforce these penalties.

We are able to assist you in the preparation of these foreign account filings if you request. These services are beyond the scope of normal tax return preparation and will result in an additional fee. If you would like us to prepare these filings, or if you have questions concerning your filing obligations, you should contact us as soon as possible and provide us with all requested information.

CONDITIONS AND LIMITATIONS

To assist you in understanding the scope of our services and other matters related to the preparation of your tax returns, we have attached a copy of the "KraftCPAs PLLC Terms, Conditions, and Limitations for Tax Services." Our tax return preparation services are expressly subject to these conditions and limitations, and by signing below or by signing your returns you will be agreeing to them.

FEES, COSTS AND ACCESS TO WORKPAPERS

Our fees for the audit and accounting services described above are based upon the time required by the individuals assigned to the engagement, plus direct expenses. Our fees, along with expenses incurred, will be billed and are payable as follows:

Audit of the Tennessee Repertory Theatre's financial statements	\$9,500
Preparation of the federal tax return – Form 990	\$1,500
Preparation of the federal tax return – Form 990-T and the Tennessee Franchise and Excise tax return	\$1,300

This fee estimate will be subject to adjustments based on unanticipated changes in the scope of our work or the untimely receipt by us of the information on the client participation list. Our engagement assumes that you will have adequately closed your agency's books and that limited adjusting journal entries will be made by your staff and our engagement team. Out of pocket engagement related expenses, such as travel/mileage and report processing, would be charged in addition to the above fees. We estimate these costs to be less than \$300 annually. During the engagement, should we be required to make significant closing adjustments, provide accounting or consulting assistance or perform additional audit procedures, additional fees will be billed at the rate of \$95 per hour, which approximates 85% of our standard hourly rates. Interim billings will be submitted as work progresses and as expenses are incurred. Payment is due upon submission of our bill.

Our fees for other non-attest services will be based on the time required for the work performed, plus engagement related expenses.

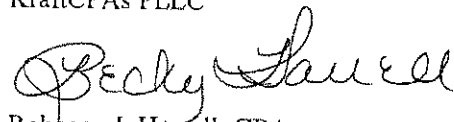
Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a member or professional employee leaves the firm and is subsequently employed by or associated with a client. Accordingly, the Agency agrees it will compensate KraftCPAs PLLC for any additional costs incurred as a result of the Agency's employment of a member or professional employee of KraftCPAs PLLC.

In the event we are requested or authorized by Tennessee Repertory Theatre or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for Tennessee Repertory Theatre, Tennessee Repertory Theatre will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

This letter constitutes the complete and exclusive statement of agreement between KraftCPAs PLLC and Tennessee Repertory Theatre, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

If this letter defines the arrangements as the Agency understands them, please sign and date the enclosed copy and return it to us.

KraftCPAs PLLC



Rebecca J. Harrell, CPA
Member

Confirmed on behalf of Tennessee Repertory Theatre:

By: Kay Adams

Title: Director of Finance & Administration

Date: August 3, 2011

In the course of delivering services relating to tax return preparation, tax advisory, and assistance in tax controversy matters, KraftCPAs PLLC ("we" or "us") applies customary practices intended to provide these services in a cost effective manner. This document describes certain of these customary practices, as well as other standard terms, conditions, and limitations relating to our provision of tax services. Except to the extent we expressly agree in a written instrument signed by our authorized representative that specifically refers to the engagement covered by this Arrangement Letter, all services that we provide to any client or third party (you) relating to tax return preparation, tax consultation and advice, representation in any tax controversy matter, or any other Federal, state, local, or foreign tax matter, are subject to the following terms, conditions, and limitations (these Terms). References to the "Arrangement Letter" mean the letter or other document describing the scope of our services and the associated fee arrangement to which these Terms are attached. References to the "Code" mean the Internal Revenue Code of 1986, as amended.

1. Terms Regarding Tax Return Preparation

1.1 Scope of Return Preparation Services.

Our services in preparing your tax returns are limited to tax return preparation, and our preparation of a return should not be viewed as assurance that any particular reported position is correct. If we become aware of a return position for which we believe a penalty under the Code is likely to apply, we will bring that position to your attention. If you would like us to advise you concerning any specific matter on your tax return, please contact us to discuss expanding the scope of our services. Any Tax Advice rendered in connection with the preparation of any tax return is subject to the provisions described under "Terms Regarding Tax Advice" below.

1.2 Reliance on Information. We will not investigate or verify any facts underlying the transactions reported on your tax return, but we will rely on the financial statements or other financial information that you provide us. If the actual facts are different from the facts represented to or understood by us, or if there are other facts of which we are not aware, the reporting of the transactions could be materially different than that reported on the returns prepared by us.

1.3 Our and Your Respective Responsibility for Accuracy. We will exercise due professional care and judgment to include all required information in your tax returns. The Code provides that by signing your returns, you are verifying that they are true, correct and complete. Accordingly, you should review each tax return carefully before signing it, and bring any questionable items or omissions to our attention.

1.4 Jurisdictions for Returns. We will prepare tax returns for those federal, state, local, and foreign jurisdictions requested by you in writing. We will advise you if we believe, based on the information that you provide us, that a tax return should be filed in any other jurisdiction, but we will not prepare any such tax return without your approval of the expansion of our scope of services. **1.5 Level of Assurance and Return Disclosures.** The Code prohibits tax preparers from signing any tax return known to report any position (i) that is not supported by "substantial authority" unless certain disclosures are made concerning the position or (ii) attributable to certain "tax shelters" that the preparer does not reasonably believe is more likely than not correct. Because of the limited scope of analysis in evaluating a reporting position, a conclusion that disclosure is not required to enable us to sign a return may not be sufficient to

avoid the application of tax penalties under the Code. Except as expressly provided in the Arrangement Letter, we will not review any reporting position or perform any tax research for the purpose of either (i) determining whether a position can be reported without disclosure or (ii) determining whether tax penalties may apply. If you wish to report a position without disclosure on the return, or if you are concerned about the potential application of tax penalties, please contact us to discuss expanding the scope of our services to include rendering Tax Advice that may address your concerns.

1.6 Disclosure of Reportable Transactions. The Code and certain state laws require that you disclose on your tax return certain "reportable transactions" or "listed transactions." There are significant financial penalties for failure to disclose these transactions, and these penalties may apply even if the transaction does not lead to an understatement of tax. Our tax return preparation services do not include any investigation to evaluate whether there are any reportable transactions that are required to be disclosed on your returns, but we will advise you if we conclude that any such disclosure is required. If you would like us to specifically review any potentially "reportable transaction" or "listed transaction," please contact us to discuss expanding the scope of our services.

2. Terms Regarding Tax Advice

2.1 Limitations on Oral and Email Communication. We may discuss with you our views regarding the tax treatment of certain items. We may also provide you with tax information in the body of an email. Any advice or information delivered orally or in the body of an email (as opposed to a memorandum delivered as an email attachment) will be based upon limited tax research and a limited discussion and analysis of the underlying facts. Additional research or a more complete review of the facts could affect our analysis and conclusions. Because of these limitations and the related risks, it may not be appropriate to proceed with any transaction or any tax return reporting solely on the basis of any oral or email communication. You accept all responsibility for any loss, cost, or expense resulting from your decision (i) not to have us perform the research and analysis necessary to reach a more definitive conclusion and (ii) to instead rely on an oral or email communication. The limitation in this paragraph will not apply to an item of written Tax Advice that is delivered to you as a document attached to an email.

2.2 Facts and Assumptions. Our investigation to confirm or verify any facts described in any letter, memorandum, or opinion addressing the application of tax laws to a particular situation ("Tax Advice") will be limited to the investigation described in the body of the Tax Advice, and we will rely on the assumptions and representations described in the Tax Advice. Any change in or addition to these facts, assumptions, or representations could materially and adversely affect our analysis and conclusions. If you for any reason believe that any facts, assumptions, or representations in any Tax Advice are incorrect or incomplete, you must notify us immediately to discuss the impact on our analysis and conclusions. You should not rely upon any item of Tax Advice that is based on facts, assumptions, or representations that you believe to be incorrect or incomplete.

2.3 Applicable Law. Unless expressly stated in our Tax Advice, our analysis and conclusions will relate solely to Federal income tax consequences under the Code as of the date of our Tax Advice. If you would like us to address tax consequences to you under any other applicable tax law, please contact us to discuss expanding the scope of our services.

2.4 Issues Addressed. Each item of Tax Advice will be limited to advice concerning the tax issues described in the Tax Advice, and it may not consider all of the issues that may arise in connection with the transaction. Except as expressly stated in an item of Tax Advice, our advice is not an endorsement of any particular transaction structure, nor is it a recommendation that any addressee proceed with the transaction structure described in the Tax Advice.

2.5 Reportable Transactions. The Code and certain state laws require that you disclose on your tax return certain "reportable transactions" or "listed transactions." There are significant financial penalties for failure to disclose these transactions, and these penalties may apply even if the transaction does not lead to an understatement of tax. We will not review any transaction to determine whether it is a "reportable transaction" or a "listed transaction" except as expressly provided in the Tax Advice. If you would like us to review any transaction to determine whether it is a "reportable transaction" or "listed transaction," please contact us to discuss expanding the scope of our services.

2.6 Level of Assurance for Tax Advice; No Guarantee. Many areas of tax law are unclear, and the application of the tax law to any particular facts may be subject to more than one interpretation. Our Tax Advice will be based upon our interpretation of applicable law and regulations, and certain case and ruling authority as of the date of the Tax Advice. The level of assurance for any particular item of Tax Advice will depend on the underlying facts, the clarity of applicable law, regulations, rulings, and court cases, and the extent of factual due diligence and tax research performed. The conclusions in our Tax Advice will be based on our good faith belief that they meet the level of assurance stated in the Tax Advice. Obtaining Tax Advice at a particular level of

assurance may in some cases provide a defense to certain tax penalties, but you should not assume that an item of Tax Advice will offer you protection from penalties except as expressly stated in the Tax Advice. Our analysis and conclusions will be based upon our professional judgment, will not be a guarantee of the ultimate tax consequences of the transactions described in the Tax Advice, and will not be binding on the IRS, any state, local, or foreign tax authority, or any court. If you would like greater certainty regarding the tax treatment of any particular transaction, please contact us to discuss the possibility of obtaining a ruling from the appropriate tax authority.

2.7 Reliance and Distribution. Each item of Tax Advice is rendered only for the benefit of the named addressee(s), and does not address the tax consequences to any other person or entity that is not an addressee. No person or entity other than the named addressee(s) may rely on the Tax Advice. To avoid confusion regarding matters of reliance, our Tax Advice may not be delivered to any other party unless you advise the recipient of these limitations on reliance. Unless expressly provided in an item of Tax Advice, but subject to the limitation in the preceding sentence, you are free to share the Tax Advice with any third party. You may deliver a copy of any Tax Advice to the IRS or any state, local, or foreign tax authority for the purpose of demonstrating good faith and reliance on the analysis and conclusions expressed therein. You should be aware that the delivery of any item of Tax Advice to a third party may act as a waiver of any otherwise available claim of privilege. Before delivering an item of Tax Advice to a third party, we recommend that you consult with legal counsel to assess the matters relating to claims of privilege.

3. Terms Applicable to All Tax Services

3.1 Scope of Services. Our services will be limited to the services specifically described in our Arrangement Letter. Services in providing Tax Advice or in preparing a tax return do not include representation in the event of an examination by the IRS or other tax authorities. If you need tax services beyond those specifically described in our Arrangement Letter, these additional services would constitute either a separate engagement or an expansion of an existing engagement at an additional cost. Our agreement to provide services for one engagement does not obligate us to accept any other engagement.

3.2 Your Responsibilities. In order for us to provide effective services, you must cooperate with us and provide us with any information that we request, all on a timely basis. You must cause your employees and contractors to cooperate fully and timely with us. You must designate for us a person authorized to make or obtain all management decisions with respect to our services on a timely basis. We will rely in good faith on all information and management decisions communicated to us by you, your employees, or your contractors, and we will not be responsible for any loss or other obligation arising from our reliance. Any failure to

fulfill your responsibilities will be grounds for our suspending or terminating our services.

3.3 Tax Strategy Patents. The U.S. Patent and Trademark Office has recently issued business method patents for certain tax planning strategies. The validity of these patents, and the coverage of any patent claims, involves legal interpretations and judgments concerning U.S. patent law, rather than professional judgment concerning the Code. Accordingly, we cannot advise you concerning any tax patents. If during the course of our providing tax services to you under the Arrangement Letter we actually become aware that the owner of any tax patent is likely to assert that the patent extends to any of your tax planning or tax reporting positions, we will bring this to your attention so that you can seek legal counsel. However, we will not conduct separate due diligence procedures to identify potentially applicable tax patents.

3.4 Decisions. While we will provide you with advice concerning tax return reporting and the tax consequences of certain transactions, you will retain all authority and responsibility for any decisions based on our advice.

3.5 Independent Contractor. For all tax services that we perform, we will be an independent contractor and not your employee, agent, or partner, and we will determine the method, details and means of performing our services. We assume full and sole responsibility for the payment of all compensation and expenses of our employees and for all of their applicable employee withholdings.

3.6 Confidentiality. We will maintain the confidentiality of your Confidential Information. We may disclose your Confidential Information to our employees and third party contractors as necessary to provide our services, including without limitation the disclosures authorized by paragraph 3.8. Without limiting the foregoing, we may in certain circumstances disclose your Confidential Information to software vendors for the purpose of obtaining technical support in the course of providing services to you, but it is our policy to require these vendors to maintain the confidentiality of Confidential Information disclosed to them. We may also disclose Confidential Information if required by a court or governmental agency, but we will use commercially reasonable efforts to inform you prior to disclosure. By agreeing to the Arrangement Letter, you specifically authorize the disclosures described in this paragraph. To protect your Confidential Information, you agree that you will not disclose any Confidential Information to us except as we request or as necessary for us to provide our services. In certain circumstances, information that you disclose to us could be the subject of a claim of privilege, but you must generally assert and maintain the privilege claim. You should contact your legal counsel if you have questions concerning the availability of any privilege or how and whether to assert a privilege. We will use reasonable precautions to protect your Confidential Information, but we have no obligation to employ any measures that you do not regularly employ in protecting

your Confidential Information. Except as provided in the following sentence "Confidential Information" means (i) information contained in your internal financial and business records, (ii) information reported on your tax returns, and (iii) other information concerning you or your business that is marked "confidential" or otherwise identified as "confidential" in writing at the time of disclosure. Confidential Information does not include information (i) that is or becomes publicly available or generally known to persons in your industry without breach of our obligations under this section, or (ii) received by us after the termination of the Arrangement Letter. A majority of our clients choose to communicate with us by email, and we will use email unless a client directs otherwise. Because email is not secure, it may not be an appropriate means for sending certain confidential or sensitive data. If you are concerned about the security of particular information, please contact us to discuss alternative arrangements.

3.7 Financial Statement Information. If you engage us to provide you with audit, review, compilation, or other services, we will rely on this financial information in the performance of our services.

3.8 Engagement of Other Parties. In performing any tax services, we may engage the services of other domestic tax preparers, including seasonal preparers, independent contractors, or other third party personnel. By engaging us, you have authorized us to allow employees of KRAFT and such other third parties access to your files, financial information and other confidential information. Our engagement of any third party does not affect our obligations to you.

3.9 Changes in Law. Subsequent changes to applicable law or regulations, or the issuance of new case or ruling authority, could materially and adversely affect the analysis and conclusions in an item of Tax Advice or a position reported on a tax return. Neither the delivery of any Tax Advice nor the preparation of a tax return is an undertaking on our part to advise you of any changes in law.

3.10 Possibility of Litigation. If the IRS or another tax authority adopts a position contrary to any analysis or conclusions in our Tax Advice or to any position reported on a tax return, it might be necessary to pursue administrative appeals or litigation. Decisions of whether and how to pursue administrative appeals or litigation may be based on considerations of cost, publicity, and other matters unrelated to the technical merits of a tax position. In some cases, taxpayers elect not to pursue appeals or litigation even though a reported position may ultimately be sustained on appeal or in litigation.

3.11 Disclaimer of Legal and Investment Advice. Our services under the Arrangement Letter and these Terms do not constitute legal or investment advice. We recommend that you retain competent legal counsel and investment advisers.

3.12 Warranty and Limitation. We warrant that our services will be performed with reasonable care in a diligent

and competent manner. **THIS WARRANTY IS OUR ONLY WARRANTY CONCERNING OUR SERVICES, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, ALL OF WHICH ARE HEREBY DISCLAIMED.**

3.13 Documents and Files. Upon your written request, we will return to you all original documents provided to us in connection with the performance of our services. We may retain copies of these documents for our files.

3.14 Work Product. We will deliver to you the items expressly enumerated in the Arrangement Letter. All our work product and files will remain our property, and we retain all copyrights and intellectual property with respect to our work product. We, in our sole discretion, may provide you with access to or copies of our files, but you will be obligated to pay all costs associated with such access or copies.

3.15 Document Production and Testimony. If we are requested or authorized by you, or if we are required by government regulation, subpoena or other legal process, to produce any documents or files, or to make our personnel or the personnel of KRAFT available as witnesses with respect to this engagement, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the reasonable fees and expenses of our counsel, incurred in responding to such requests.

3.16 Conflicting Engagements. If we at any time determine in our sole discretion that a conflict of interest exists that prevents us from providing our services in accordance with applicable ethical rules, we will notify you of the conflict and may withdraw from representing you to the extent that such withdrawal is required or permitted by applicable ethical rules.

4. General Business Terms

4.1 Requests for Services. In responding to requests for services made by your officers, managers, employees, or agents, we will presume that all requests have been authorized by your internal procedures. If you wish to limit the individuals who can request services, you must notify us of any limitations in writing.

4.2 Billing. Our fees and expenses will be billed on a regular basis. Each invoice is payable upon receipt of the invoice. If you believe that any invoice is incorrect or if you wish to dispute any invoice, you must notify us in writing within 60 days of your receipt of the invoice. We reserve the right to charge interest on any invoice that is not paid within 30 days of the invoice date.

4.3 Uncontrollable Delays. The time for performance of any of your or our obligations (other than the obligation to pay money due) will be extended for a reasonable time in the event of causes beyond your or our reasonable control,

including without limitation acts of God, war, acts of government, fire, flood, strike or labor problems, sabotage, and delays in obtaining labor, materials, equipment, or transportation.

4.4 Suspension of Services. If you fail to pay any invoice when due, we reserve the right to suspend the performance of services until your account is paid in full or you have made other payment arrangements satisfactory to us. Our suspension of services will not affect your obligations to us under the Arrangement Letter or these Terms.

4.5 Termination. You may terminate the Arrangement Letter at any time by written notice to us. Subject to any restrictions imposed by applicable ethical rules, we may terminate the Arrangement Letter at any time upon written notice to you. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring files to and otherwise cooperating with any successor tax preparer or tax advisor. If you terminate any Arrangement Letter after we have commenced performing services under a fixed fee arrangement, you will be obligated to pay us the entire fixed fee upon termination.

4.6 Survival of Provisions. All provisions of these Terms will survive the termination or cancellation of the Arrangement Letter, except that (i) we will not have any obligation to provide services after termination and (ii) except as provided in paragraphs 3.14, 3.15 and 4.5, you will not have any obligation to pay us for any services that we perform after termination.

4.7 Entire Agreement; Interpretation. These Terms and the Arrangement Letter represent our entire agreement and understanding concerning the engagement described in the Arrangement Letter, and they supersede all prior and contemporaneous agreements. All Terms and the Arrangement Letter must be construed according to their fair meaning and not strictly for or against any party.

4.8 Amendments, Waivers and Consents. Neither these Terms nor the Arrangement Letter may be amended except by our mutual written agreement. No waiver of any breach of these Terms or the Arrangement Letter will be effective unless the waiver is in writing and signed by the party against whom the waiver will be enforced. No waiver of any one breach will be deemed a waiver of any other or subsequent breach.

4.9 Assignment; No Third Party Beneficiaries. You may not assign the Arrangement Letter or these Terms to any other party without our prior written consent, except that you may assign the Arrangement Letter and these Terms to any party that acquires substantially all of your assets and goodwill. These Terms and the Arrangement Letter will be binding on our and your respective successors and assigns. There are no third party beneficiaries to the Arrangement Letter or to these Terms except as expressly provided in the Arrangement Letter.

4.10 Governing Law. The Arrangement Letter (including these terms, conditions, and limitations) and any dispute or

claim arising out of or relating thereto will be governed by and construed in accordance with the laws of the state in which the KraftCPAs PLLC office providing the services is located without regard to provisions governing conflicts of laws. All litigation or other legal proceedings will be brought in the State or Federal courts located that state. The parties agree to this choice of law, jurisdiction and venue, and waive any defense of an inconvenient forum. The parties also waive trial by jury and agree that any dispute or claim should be resolved by a judge without a jury.

4.11 Newsletters and Similar Communications. We may from time to time send newsletters, emails, explanations of tax law developments, or similar communications to selected clients, former clients, or other interested parties. These communications are of a general nature and are not definitive advice. We do not send all such communications to all clients, former clients, or interested parties. These newsletters do not establish or continue a client relationship with any person, and they do not constitute an undertaking on our part to monitor tax or other issues for you or for any other parties.

5. Liability and Dispute Resolution

5.1 Indemnification for Breach. Subject to the provisions of paragraph 5.2, each party will indemnify the other for any loss, liability, or obligation arising out of or relating to a failure to fulfill its obligations under the Arrangement Letter or these Terms.

5.2 Opportunity to Cure and Liability Limitations. In the event that we fail to meet our obligations under the Arrangement Letter or these Terms, including without limitation paragraph 3.12, you must notify us in writing and provide us with the opportunity to re-perform the services. If the services cannot be re-performed, or if re-performance will not cure the breach, then your remedy will be for us to refund our fees relating to these services up to the amount of your direct damages caused by our failure to meet our obligations. In no event will our liability for any claim, whether in contract, in tort, at law, or in equity, arising out of or relating to our failure to meet our obligations under the Arrangement Letter or these Terms exceed the amount of our fees actually paid to us under the Arrangement Letter. In no event will we be liable for loss of profits or any consequential, indirect, special, exemplary, or punitive damages.

5.3 Time Limitation on Claims. No claim or action by either party, regardless of whether the claim is in contract, in tort, at law or in equity, arising out of or relating to any matter under the Arrangement Letter may be brought by either party (i) more than 24 months after the party first knows or has reason to know that the claim or cause of action has accrued or (ii) more than 60 months following the completion of the services under the Arrangement Letter. This paragraph may shorten, but in no event will it extend, any period of limitation on actions otherwise provided by applicable law.

5.4 Effect on KraftCPAs PLLC. The provisions of paragraphs 5.1 and 5.2 will not limit the obligations or liability of KRAFT under any separate agreement for the provision of accounting or attest services.



September 27, 2011

President

Pamela Johnson

Co-Founder

Martha R. Ingram

Vice President

David Powell

Vice President

Kara Teising

Vice President

Annie Williams

Secretary

Martha Trammell

Treasurer

Barbara Zipperian

Immediate

Past President

Chris Chamberlain

Producing

Artistic Director

René Copeland

KraftCPAs PLLC

555 Great Circle Road

Nashville, TN 37228

In connection with your audits of the statements of financial position of Tennessee Repertory Theatre (the "Agency") as of June 30, 2011 and 2010 and the related statements of activities, changes in net assets and cash flows for the years then ended, we confirm, we are responsible for the fair presentation in the financial statements of financial position, results of activities, and cash flows in conformity with accounting principles generally accepted in the United States of America.

We confirm, to the best of our knowledge and belief, as of September 27, 2011, the following representations made to you during your audits:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meetings of directors and committees of directors. Minutes from the meeting held on September 7, 2011 were not prepared upon the issuance of the financial statements. No items were discussed that would be necessary for disclosure in the financial statements for the year ended June 30, 2011.
3. We have no knowledge of fraud or suspected fraud affecting the Agency involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
4. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency received in communications from employees, former employees, analysts, regulators, or others.
6. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize, and report financial data.
7. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
8. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:

- a. The Agency has no significant amounts of idle property and equipment or permanent excess plant capacity.
 - b. The Agency has no plans or intentions to discontinue the operation any significant services or activities.
 - c. Provision has been made to reduce all assets that have permanently declined in value to their realizable values.
 - d. Long-lived assets that are impaired or to be disposed of have been recorded at the lower of their cost or fair value.
9. The following have been properly recorded and/or disclosed in the financial statements:
- a. Related-party relationships, transactions, and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transactions.
 - b. Lines of credit or similar arrangements.
 - c. All leases and material amounts of rental obligations under long-term leases.
 - d. All significant estimates and material concentrations known to management which are to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the statement of financial position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
 - e. Concentrations of credit risk.
 - f. All recordable contributions, by appropriate net asset class.
 - g. Reclassifications between net asset classes.
 - h. Allocations of functional expenses based on reasonable basis.
 - i. Composition of assets in amounts needed to comply with all donor restrictions.
 - j. Deferred revenue from exchange transactions.
 - k. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification.
 - l. All current and deferred assets and liabilities related to the accounting for income taxes. Additionally, we have evaluated the tax positions under the two-step approach for recognition and measurement of uncertain tax positions required by the Income Taxes Topic of the FASB Accounting Standards Codification.
10. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:

- a. To reduce receivables, including contributions, to their estimated net collectable amounts.
 - b. For any material loss to be sustained in the fulfillment of or from the inability to fulfill any commitments, including promises to give.
11. There are no:
- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the Accounting Standards Codification.
 - d. Guarantees, whether written or oral, under which the Agency is contingently liable.
 - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - f. Agreements to repurchase assets previously sold.
 - g. Security agreements in effect under the Uniform Commercial Code.
 - h. Liens or encumbrances on assets and all other pledges of assets.
 - i. Contractual obligations for construction and/or purchase of real property, equipment, other assets and intangibles.
 - j. Investments in debt and equity securities, including their classification.
 - k. Liabilities which are subordinated to any other actual or possible liabilities of the Agency.
 - l. Conditional promises to give.
 - m. Refundable advances.
 - n. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification.
 - o. Board designated unrestricted net assets.
 - p. Derivative financial instruments.
12. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the Contingencies Topic of the Accounting Standards Codification, and we have not consulted a lawyer concerning litigation, claims, or assessments.
13. The Agency has satisfactory title to all owned assets.

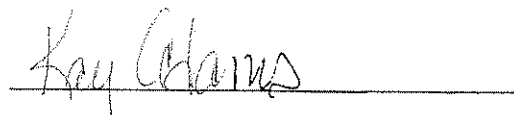
14. We have complied with all aspects of contractual agreements, grants, and donor restrictions that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
15. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501(c)(3) not-for-profit corporation, and we have complied with the IRS regulations regarding this exemption.
16. We are responsible for determining that significant events or transactions that have occurred since the balance sheet date and through September 27, 2011 have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the balance sheet date and through September 27, 2011 that would require recognition or disclosure in the financial statements. We further represent that as of September 27, 2011, the financial statements were complete in a form and format that complied with accounting principles generally accepted in the United States of America, and all approvals necessary for issuance of the financial statements had been obtained.
17. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

TENNESSEE REPERTORY THEATRE



Signed by: Rene Copeland

Title: Producing Artistic Director



Signed by: Kay Adams

Title: Director of Finance & Administration